

MARKET SURVEY (DECEMBER 2013) GREATER SAINT JOHN OFFICES

Scope

This survey included every office building with a total rentable area of 5,000 ft.² or greater, available for rent in the Greater Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 42 buildings with an aggregate rentable area of 2,498,906 ft.². The survey successfully collected information on 100% of the rentable stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater Saint John.

Vacancy Rates

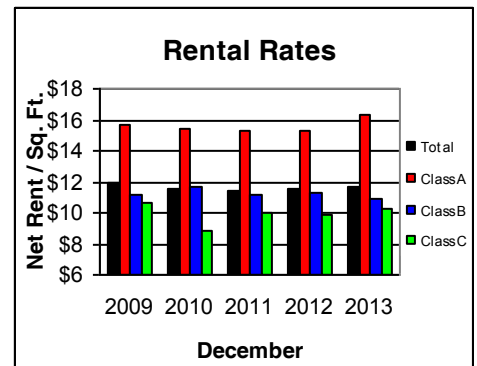
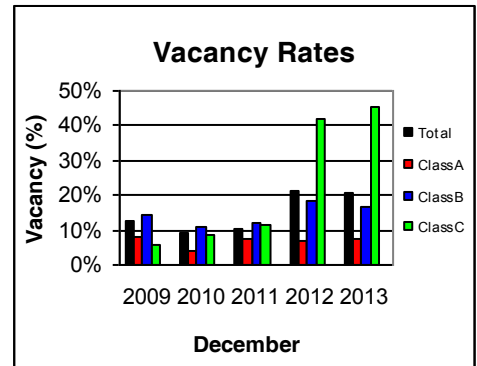
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall.

The office vacancy rate in Saint John declined for the first time since 2010, allowing for a 1.3% increase in net absolute rent/ft.². Despite this slight improvement in the office rental market, Saint John continues to have the highest overall vacancy rate and lowest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater Saint John are: Class A 7.47%; Class B 16.61%; Class C 45.44%; Overall 20.68%. The current average net absolute rental rates per square foot are: Class A \$16.26; Class B \$10.86; Class C \$10.32; Overall \$11.71.

Our survey includes all the major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 10.49%; Greater Saint John 20.68%; Greater Moncton 6.94%; Greater St. John's 5.16%; Halifax Regional Municipality 9.55%; Greater Charlottetown 11.81% .

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will remain stable with only a slight decrease in demand, resulting in similarly stable overall net absolute rent/ft.²



Real Estate Counsellors, Brokers and Valuers
6182 North St., Halifax, N.S. B3K 1P5
Tel: 1-902-429-1811

NB Office Tel: 1-506-634-1811
PE Office Tel: 1-902-368-1811
NL Office Tel: 1-709-722-1811

Toll Free Tel: 1-800-567-3033
Fax: 1-902-429-1891
Internet: www.turnerdrake.com
E-Mail: tdp@turnerdrake.com

MARKET SURVEY (DECEMBER 2013) GREATER SAINT JOHN WAREHOUSES

Scope

This survey included every warehouse building with a total rentable area of 5,000 ft.² or greater, available for rent in the Greater Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 14 buildings with an aggregate rentable area of 501,523 ft.². The survey successfully collected information on 100% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of warehouse space ever undertaken in Greater Saint John.

Vacancy Rates

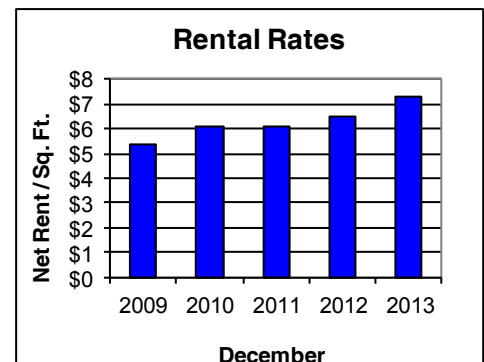
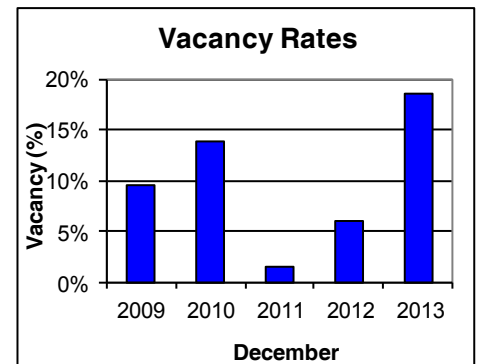
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. The Saint John overall warehouse vacancy rate increased substantially by 12.58 percentage points in 2013 to sit at 18.49%, the second highest rate in Atlantic Canada.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 13.85%; Greater Saint John 18.49%; Greater Moncton 11.93%; Greater St. John's 5.00%; Halifax Regional Municipality 9.79%; Greater Charlottetown 24.51%.

Our survey also measured rental rates. Saint John commands the highest overall net rental rate in New Brunswick, though compared to the other major centres in Atlantic Canada its rents are at the middle of the spectrum. The overall average net rental rate/ft.² by location is as follows: Greater Fredericton \$6.52; Greater Saint John \$7.26; Greater Moncton \$6.12; Greater St. John's \$9.89; Halifax Regional Municipality \$7.54; Greater Charlottetown \$8.99.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will remain largely unchanged due to stagnant demand. The net absolute rent/ft.² is expected to remain largely unchanged as a result.



 **TURNER DRAKE
& PARTNERS LTD.**
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